

Message Text

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PAGE 01 OTTAWA 05877 070523Z

ACTION EUR-12

INFO OCT-01 ISO-00 FEA-01 ERDA-07 AID-05 CEA-01
CIAE-00 COME-00 EPG-02 DODE-00 EB-07 FPC-01 H-02
INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04
USIA-15 OES-07 SP-02 SS-15 STR-04 TRSE-00 ACDA-10
PA-02 PRS-01 SSO-00 NSCE-00 /120 W
-----081154 070524Z /10

P 070049Z JUL 77

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC PRIORITY 4013

INFO AMCONSUL MONTREAL

AMCONSUL CALGARY

AMCONSUL HALIFAX

AMCONSUL QUEBEC

AMCONSUL TORONTO

AMCONSUL VANCOUVER

AMCONSUL WINNIPEG

UNCLAS OTTAWA 05877

PASS WHITE HOUSE/SCHLESINGER AND GOLDMAN, FEA AND FPC

E.O. 11652: N/A

TAGS: ENRG, CA

SUBJECT: ENERGY: PRESS COVERAGE OF NEB NORTHERN PIPELINE
RECOMMENDATION

1. MAJOR ENGLISH-LANGUAGE NEWSPAPERS REVIEWED BY EMBASSY
DEVOTED EXTENSIVE, DETAILED COVERAGE TO NATIONAL ENERGY
BOARD (NEB) RECOMMENDATION JULY 4 IN FAVOR OF FOOTHILLS-
YUKON (ALCAN) GAS PIPELINE PROPOSAL. REPORTING EMPHASIZED
REACTION OF ENERGY, MINES AND RESOURCES MINISTER ALASTAIR
GILLESPIE, WHO SAID NEB DECISION DEALT "BODY BLOW" TO
ARCTIC GAS, AND STATEMENT BY ARCTIC GAS OFFICIALS THAT
DESPITE NEB RULING THEY WOULD NOT CAVE IN. MUCH COVERAGE
EXAMINED DETAILS OF NEB RECOMMENDATION, ESPECIALLY
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PAGE 02 OTTAWA 05877 070523Z

CONDITIONS BOARD PLACED ON APPROVAL OF ALCAN: CORPORATE
REORGANIZATION, REQUIREMENT OF DEMPSTER SPUR LINE AND
REQUIREMENT OF DOLS 200 MILLION PAYMENT BY ALCAN TO COVER
INDIRECT COSTS OF PROJECT. POSSIBW POLITICAL MOTIVATION
OF NEB AND APPARENT INFLUENCE ON BOARD'S RULING OF EARLIER
BERGER RECOMMENDATIONS WERE ALSO COMMENTED ON EXTENSIVELY.
OVERALL THRUST OF REPORTING WAS THAT ARCTIC GAS PROPOSAL

IS FINISHED.

2. EDITORIAL COMMENT ON BOARD'S ACTION WAS MOSTLY FAVORABLE. OTTAWA JOURNAL DESCRIBED NEB'S RULING AS "DEFENSIBLE CHOICE" THAT "DID THE COUNTRY GOOD SERVICE BY MAKING CLEAR AND SURPRISINGLY FIRM DECISION IN FAVOR OF ALCAN PROJECT." DECISION, JOURNAL SAID, WILL PROVIDE VALUABLE FLEXIBILITY FOR NEAR-TERM CANADIAN ENERGY POLICY AND EASE POLITICAL BURDEN CABINET FACES IN DECIDING ON NORTHERN PIPELINE. THE CITIZEN, TAKING SAME LINE, NOTED THAT DECISION SAVED GOC FROM AWKWARD CHOICE BETWEEN NATIONS'S ENERGY NEEDS AND REQUIREMENT FOR MORE TIME TO RESOLVE SOCIAL AND POLITICAL PROBLEMS IN MACKENZIE VALLEY. MONTREAL GAZETTE MADE SAME POINT, ADDING THAT NEB DECISION, WHICH WAS "SURE TO PLEASE THE UNITED STATES GOVERNMENT" HAD A "CERTAIN RING OF INEVITABILITY ABOUT IT." TORONTO STAR IMPLIED THAT NEB CONDITIONS FOR APPROVAL OF ALCAN LINE DID NOT GO FAR ENOUGH SAYING: (1) OTTAWA SHOULD INFORM UNITED STATES THAT IN VIEW OF DECISION WHICH CLEARLY BENEFITS U.S., IT WILL EXPECT TO GET SOME ALASKAN GAS LATER AS SWAP FOR CANADIAN GAS NOW BEING EXPORTED TO U.S., AND (2) GOC SHOULD ALSO MAKE IT CLEAR IT EXPECTS CANADIAN COMPANIES TO GET BULK OF CONTRACT WORK FOR SEGMENTS OF LINE IN CANADA. STAR COLUMNIST RICHARD GWYN ALSO CALLED FOR A SWAP OF CANADIAN GAS NOW FOR ALASKAN GAS IN FUTURE. NATIONALLY UNCLASSIFIED

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PAGE 03 OTTAWA 05877 070523Z

CIRCULATED TORONTO GLOBE AND MAIL SOUNDED ONLY STRONG NEGATIVE COMMENT, SAYING NEB HAD RECOMMENDED A "PIG IN A POKE." GLOBE CRITICIZED DECISION ON GROUNDS THAT: (1) ALCAN AS CURRENTLY PLANNED WOULD NOT DELIVER MACKENZIE DELTA GAS TO CANADIAN MARKETS; THIS WOULD DEPEND ENTIRELY ON AS YET UNPLANNED AND QUESTIONABLE DEMPSTER LINK. (2) IMPACT OF ALCAN LINE ON YUKON NATIVES AND ENVIRONMENT HAS NOT BEEN ADEQUATELY STUDIED. (3) NEB FINDING THAT MACKENZIE DELTA GAS WILL BE NEEDED IN CANADA BY FIRST HALF OF 1980'S IS INCONSISTENT WITH ITS RULING AGAINST ARCTIC GAS WHICH WOULD DELIVER GAS TO SOUTHERN CANADA AS EARLY AS 1981 -- WHICH ALCAN WILL NOT DO.

3. ELECTRONIC MEDIA ALSO PROVIDED EXTENSIVE, IN-DEPTH COVERAGE OF BOARD'S RULING. CBC TELEVISION AND CTV DEVOTED ABOUT ONE-THIRD OF JULY 4 EVENING NEWS BROADCAST TO NEB REPORT. REPORTING WAS BALANCED AND FACTUAL. THERE WAS NO NEGATIVE COMMENT ON BOARD'S ACTION. RADIO NEWS COVERAGE, REPORTING AND COMMENTARY, WAS EQUALLY FACTUAL AND EXTENSIVE.

4. CLIPPINGS FOLLOW BY POUCH TO EUR/CAN, EB/ORF/FSE,
WHITE HOUSE, FEA AND FPC. ENDERS

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, PRESS COMMENTS, PIPELINES
Control Number: n/a
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Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
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Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
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Format: TEL
From: OTTAWA
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1977/newtext/t19770783/aaaactvc.tel
Line Count: 118
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: f35ba66f-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 09-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1937713
Secure: OPEN
Status: NATIVE
Subject: ENERGY: PRESS COVERAGE OF NEB NORTHERN PIPELINE RECOMMENDATION
TAGS: ENRG, CA, US, NEB
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/f35ba66f-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009